

Message Text

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PAGE 01 MEXICO 01754 271414Z

61

ACTION ARA-10

INFO OCT-01 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

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R 262355Z FEB 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 6415

INFO USMISSION GENEVA

AMCONSUL CIUDAD JUAREZ UNN

AMCONSUL GUADALAJARA UNN

AMCONSUL HERMOSILLO UNN

AMCONSUL MATAMOROS UNN

AMCONSUL MAZATLAN UNN

AMCONSUL MERIDA UNN

AMCONSUL MONTERREY UNN

AMCONSUL NEUVO LAREDO UNN

AMCONSUL TIJUANA UNN

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: IA-ECOSOC CONSIDERATION OF TRADE ACT

REF: STATE 035339, MEXICO 1677

DEPARTMENT PASS ALL ARA DIPLOMATIC POSTS

1. SUMMARY: MEXICO PLANS TO SEND SENIOR UNDERSECRETARY
OF TREASURY AND HIGH-LEVEL TREASURY STAFF TO IA-ECOSOC
MEETINGS MARCH 10-15. ATTENDANCE OF TREASURY SECRETARY
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PAGE 02 MEXICO 01754 271414Z

ALSO POSSIBLE. KEY GOM OFFICIALS FULLY RECOGNIZE

POSSIBLE BENEFITS FROM TRADE LAW IF IT LIBERALLY
ADMINISTERED, BUT REMAIN HIGHLY CONCERNED OVER U.S.
INTENTIONS THIS REGARD. MEXICANS CAN BE EXPECTED RAISE
QUESTION THESE CONCERNS DURING MEETINGS. END SUMMARY

2. EMBOFFS ON FEB. 25 PRESENTED MEMORANDUM ON U.S.
POSITION ON TRADE ACT BASED ON STATE 035339, 22760 AND
PREVIOUS MESSAGES, TO DIRECTOR GENERAL INTERNATIONAL
AFFAIRS IN TREASURY (HECTOR HERNANDEZ) AND ASSISTANT
DIRECTOR (ABEL GARRIDO). WE MADE SPECIAL POINT THAT
SERIOUSLY DISTORTED IMPRESSION OF ACT HAS BEEN CREATED,
AND EXPRESSED STRONG U.S. HOPE THAT IA-ECOSOC CAN
MAKE SIGNIFICANT CONTRIBUTION TO PUTTING TRADE ACT IN
PERSPECTIVE, THUS HELPING US TO WORK TOGETHER ON
IMPLEMENTATION WHICH WILL BE MUTUALLY BENEFICIAL. MEXICAN
OFFICIALS EXPRESSED APPRECIATION OF LENGTHY MEMORANDUM,
WHICH THEY BOTH READ WITH CARE. THEY MADE IT CLEAR,
HOWEVER, THAT WHILE MEMORANDUM PRESENTS BEST CASE OF HOW
TRADE ACT COULD WORK TO BENEFIT MEXICO THROUGH GSP AND
MTNS, ETC., IT DID NOT RELIEVE THEM OF CONCERN WITH
QUESTION BASIC USG INTENTIONS WHEN U.S. EXECUTIVE BRANCH
FACES SERIOUS DOMESTIC PRESSURES RESULTING FROM RECESSION
AND UNEMPLOYMENT. (WE RESPONDED WITH BRIEF ACCOUNT OF
U.S. LONG-STANDING COMMITMENT TO LIBERAL TRADE.)

3. IN ANSWER TO OUR QUERY, HERNANDEZ INDICATED THAT MEXDEL
TO IA-ESOSOC MEETING WOULD PROBABLY BE HEADED BY SENIOR
UNDERSECRETARY OF TREASURY, MARIO RAMON BETETA, AND
WOULD INCLUDE HIMSELF AND GARRIDO. ATTENDANCE BY
TREASURY SECRETARY LOPEZ PORTILLO WAS POSSIBLE, BUT
WOULD DEPEND ON LAST-MINUTE DECISION BY PRESIDENT THAT
MEETING WAS OF OVER-RIDING IMPORTANCE.

4. DURING COURSE CONVERSATION, HERNANDEZ POINTED
OUT THAT CRITICS OF THE NEW LAW FALL INTO TWO
BROAD CATEGORIES: THOSE LIKE HIMSELF WHO KNOW THAT
MEXICO COULD BENEFIT FROM THE LAW IF IT IS LIBERALLY
ADMINISTERED, BUT WHO ARE CONCERNED ABOUT ATTITUDE
OF U.S. ADMINISTRATION; AND THOSE WHO, IGNORANT OF
THE LAW'S DETAILS AND FOR IDEOLOGICAL REASONS, PROFESS
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PAGE 03 MEXICO 01754 271414Z

TO FIND THE LAW AN EXPRESSION OF ECONOMIC IMPERIALISM.
THE USG, HE SUGGESTED, SHOULD CONCENTRATE ON THE FORMER
CRITICS, AND ATTEMPT TO ALLAY THEIR FEARS. IN RELATED
REMARK, GARRIDO NOTED THAT THREAT OF REVOCATION OF
TSUS 806.30 AND 806, SO IMPORTANT FOR MEXICO'S EXTENSIVE
BORDER INDUSTRY, WAS HANGING OVER HEAD OF MEXDEL TO
CURRENT TEXTILE TALKS. GARRIDO CLAIMED THAT MEMBER
U.S. DEL HAD EXPRESSED THOUGHT THAT CONGRESS MIGHT WELL

REPEAL 806:30 AND 807 IF TEXTILE AGREEMENTS "UNSATISFACTORY."

4. COMMENT: WE CONTINUE TO BE STRUCK BY THE DEEP PREOCCUPATION OF RESPONSIBLE MEXICAN PUBLIC AND PRIVATE SECTOR OFFICIALS OVER U.S. INTENTIONS IN IMPLEMENTATION OF TRADE ACT. THERE IS CONSIDERABLE CONCERN EXPRESSED THAT EXECUTIVE BRANCH WILL USE "NEW" POWERS TO PRESSURE SMALLER COUNTRIES INTO DISADVANTAGEOUS ARRANGEMENTS. THESE VIEWS HAVE BEEN EXPRESSED TO EMBASSY OFFICERS NOT ONLY BY HERNANDEZ AND GARRIDO, BUT ALSO BY SUCH OFFICIALS AS LIC. GUILLERMO BECKER (UNDERSECRETARY OF INDUSTRY AND COMMERCE), LIC. ERNESTO FERNANDEZ HURTADO (GOVERNOR OF THE CENTRAL BANK), LIC. GUSTAVO ROMERO KILBECK, (DIRECTOR OF THE STATE DEVELOPMENT BANK), AND REPRESENTATIVES OF PRIVATE SECTOR SUCH AS DR. JAVIER BUSTOS, BOARD CHAIRMAN OF THE BANCO NACIONAL DE MEXICO, A LEADING COMMERCIAL BANK.

6. RECOMMENDATION: AS A RESULT OF THESE CONVERSATIONS, WE RECOMMEND THAT THE QUESTION OF U.S. INTENTIONS WITH REGARD TO THE ADMINISTRATION OF THE TRADE ACT BE ADDRESSED PROMINENTLY BEFORE OR DURING THE IA-ECOSOC MEETINGS. SOME OF THE POINTS WHICH MIGHT BE INCLUDED ARE 1) U.S. HISTORICAL COMMITMENT TO LIBERAL TRADE, U.S. ADHERENCE TO THE TOKYO DECLARATION, AND THE MTNS IN GENERAL; 2) THE QUESTION OF "NEW" POWERS TO THE PRESIDENT TO RESTRICT WORLD TRADE (MEXICO 1677) WHICH MANY SEE IN THE NEW TRADE LAW. IN OUR VIEW U.S. RE-ASSURANCES THAT WE ARE DEDICATED TO LIBERAL TRADE PHILOSOPHY WOULD DO MUCH TO ALLAY FEARS OF THOSE WHO HAVE EXPRESSED CONCERN, AND HELP TO REDUCE THE STRONG EXPRESSIONS OF LA UNCERTAINTY AS TO OUR INTENTIONS WHICH MEXICO AND OTHER LAS EXPECTED TO RAISE. JOVA
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, MINISTERIAL MEETINGS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 26 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MEXICO01754
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750069-0939
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750211/aaaaajpd.tel
Line Count: 155
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 035339, 75 MEXICO 1677
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2003 by KelleyW0>; APPROVED <19 NOV 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IA-ECOSOC CONSIDERATION OF TRADE ACT
TAGS: ETRD, MX, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006